

Employment Training Panel

STRATEGIC PLAN

2011-2012



THE EMPLOYMENT TRAINING PANEL

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A. Vision and Mission Statements

VISION:

The Employment Training Panel (ETP) will support job creation and retention in California through strategic partnerships with business, labor, and government.

MISSION:

ETP provides financial assistance to California businesses to support customized worker training to:

- *Attract and retain businesses that contribute to a healthy California economy;*
- *Provide workers with secure jobs that pay good wages and have opportunities for advancement;*
- *Assist employers to successfully compete in the global economy; and*
- *Promote the benefits and ongoing investment in employee training among employers.*

B. Introduction

Fulfilling Its Mission

Established in 1982, the Employment Training Panel (ETP) has proven itself for more than 25 years as the state's premier program supporting job creation and retention, through training. ETP is funded by a special tax on California employers and differs from other workforce development organizations whose emphasis is on pre-employment training. ETP fulfills its mission by reimbursing the cost of employer-driven training for incumbent workers and funding the type of training needed by unemployed workers to re-enter the workforce. Overall, the ETP program helps to ensure that California businesses will have the skilled workers they need to remain competitive.

Employers must be able to effectively train workers in response to changing business and industry needs. While the need for workforce training is critical, businesses generally reserve capacity building dollars for highly technical and professional occupations – limiting investment in training for frontline workers who produce goods and deliver services. ETP helps to fill this gap by funding training that is targeted to the frontline workers.

ETP funding works because it is predicated on simple and effective principles:

- *Employers make decisions about the training program.* Employers are involved in every aspect of training. Companies assess their training needs, customize curricula to address the specific needs of their businesses, and implement and administer the training plan.
- *Training investments help companies become more profitable, so companies are encouraged to share that profit with workers involved in training.* ETP contracts promote wage increases and require employers to retain trained workers for specific periods in order to earn ETP funds.
- *Employers are encouraged to assume greater responsibility for training.* ETP reimburses contractors based on flat rates. Companies must pay the difference between ETP reimbursement and their actual training costs. As training costs increase, companies pay a larger percentage of the costs.
- *Performance-based contracting helps to ensure success.* A business may earn ETP funds only after a trainee completes all training and is retained for a minimum time period (normally 90 days) at a required wage, in a job using the skills learned in training. Other performance requirements ensure that each stakeholder – the company, the worker, and ETP – shares responsibility for expanding the numbers of high-wage, high-skill jobs in California.
- *ETP funding is a catalyst for future workforce training.* Employers who participate in ETP-funded training are more likely to invest in future workforce training. The ETP experience provides them with the practical knowledge and tools to successfully implement a training plan.

ETP's role in the economy is derived from its initial mandate in 1982 of moving large numbers of unemployed workers quickly into employment and saving the jobs of workers

threatened with displacement. The program has expanded that role over the years to include an increased support of retraining incumbent workers of businesses in basic industries challenged by out-of-state competition (primarily the manufacturing and high technology sectors). Today, ETP focuses on supporting job creation and business attraction, retention, and expansion, as well as the re-employment and retention of workers.

ETP also keeps pace with statewide economic initiatives and workforce priorities such as targeting training for ex-offenders/at-risk youth, veterans, workers impacted by the downturn in the housing market, and supporting the growth in the green economy. As one means of keeping pace, ETP is partnering with the Governor's Office of Economic Development (GoED) that includes the Governor's Small Business Advocate and incorporates functions of the former California Business Investment Services (CalBIS). GoED was created by Executive Order to "facilitate and stimulate economic growth through the development and implementation of strategic policies and partnerships with the private sector, community, local, and national organizations that enhance human and capital infrastructure as well as increase California's competitive advantage in the global marketplace."¹ ETP also anticipates collaborating through GoED with the Governor's newly appointed Senior Jobs Advisor.

ETP has historically accomplished its mission without appropriations from the State General Fund or alternative sources of funding. The core ETP program is funded by a special Employment Training Tax (ETT) paid by California employers, and only employers subject to this tax directly benefit from the program. In the last few years, however, ETP has received additional funding for alternative programs aimed at training unemployed workers for jobs emerging in the recovering economy. The additional funding is principally through distributions from California's Labor and Workforce Development Agency (LWDA) and the California Energy Commission (CEC). ETP anticipates a continuation of some additional funding in Fiscal Year (FY) 2011-12 to expand or implement alternative programs.

Overview of the Organization

ETP is organized under the LWDA which is led by a Cabinet-level Secretary and encompasses ETP, the Department of Industrial Relations, the Employment Development Department (EDD), the Agricultural Labor Relations Board, and the California Workforce Investment Board (CWIB). ETP retains its autonomy under LWDA, acting independently to disburse funds and set program policy. The LWDA promotes opportunities to collaborate and expand workforce training.

ETP is governed by an eight-member panel, seven of whom are appointed by the Governor and Legislative leaders. The eighth is the Secretary of Business, Transportation, and Housing (or a designee) who serves ex-officio as a voting member. The main functions of the Panel are to act on training proposals, to adopt appropriate program policies and regulations, and to make final determinations regarding appeals decisions made by the Executive Director.

¹ www.business.ca.gov accessed 13 September 2011

The Governor appoints a Chair to lead the Panel's deliberations. All actions require a quorum of the Panel members and a majority vote of the quorum. The Panel normally meets monthly.

ETP has a professional staff of 87 full-time positions, approximately one-half of which are located in Sacramento, with the remaining staff located in regional offices in San Diego, the San Francisco Bay Area, and North Hollywood. Staff administers the program statewide through outreach to industry and employers; developing, monitoring, and auditing contracts; and providing program and administrative support to the Panel. The staff is led by the Executive Director appointed by the Governor. The Executive Director has the overall authority for administering the program.

Accomplishments

ETP produces an Annual Report due November 30th that details prior year administrative improvements, legislative and regulatory actions, contract activity, and progress and accomplishments for its strategic goals. The Annual Report is available separately via ETP's website.² As many of ETP's strategies are continuous and its initiatives can extend beyond the years in which they are introduced, the Panel considers prior year progress and accomplishments in its planning for the future.

Following is a brief summary of ETP's major accomplishments in FY 2010-11:

- ETP strategically marketed its core program, focusing on workforce development partnerships and initiatives. As a result, ETP expended all of its regular program funds halfway through FY 2010 -11. In addition to outreach for its core program, ETP successfully targeted projects meeting the specific objectives of its alternatively-funded training programs: the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) through AB118; the Healthcare Initiative and, Critical Proposals with a focus on job creation. These outreach efforts included collaboration with the California Energy Commission, California Manufacturers and Technology Association, the California Labor Federation, California Workforce Association, California Community Colleges Chancellor's Office (CCCCO), Local Workforce Investment Boards (Local Board), Economic Development Corporations, and multiple Chambers of Commerce.
- ETP completed Phase II of its Economic Stimulus Initiative. The Panel adopted a new regulation to establish parameters for alternative funding source projects and amended existing regulations to: allow "productive laboratory" training; establish parameters for electronic methods of training delivery; increase the cap on "incidental placement" of New Hire trainees; clarify that "turnover rate" may be reviewed case by case; and, modify the calculation method for High Unemployment Areas (HUA) making it more accessible to qualify.

² www.etp.ca.gov, accessed 13 September 2011

- In its on-going efforts to serve small businesses, ETP approved 87 direct small business (100 or fewer employees) contracts, in the amount of \$2,981,924, to train 2,687 workers.
- ETP targeted service to HUAs of the state, approving 115 contracts, in the amount of \$11,036,281, to train 9,874 workers in HUAs.
- Under its core program, the Panel supported nurse and allied healthcare training, approving 15 contracts, in the amount of \$2,930,170, to train 2,621 nurses and allied healthcare professionals. ETP also implemented a Healthcare Initiative funded by WIA 15 Percent Discretionary funds which also focuses on training for nurses and allied medical professionals, approving 45 contracts, in the amount of \$8,700,000, to train 8,165 workers.
- Under the alternative funding program, ARFVTP, the Panel approved 10 contracts in the amount of \$3,662,129 to train 3,752 individuals in new transportation technologies to help address the workforce needs of companies engaged in the development and/or deployment of alternative fuels and vehicle technologies.
- Under its core program, ETP approved funding in the amount over \$8,000,000 for 42 contracts, focused on Job Creation, including new hire trainees, and companies looking to expand and hire new employees. Within these contracts, approximately 3,000 new jobs are projected. In addition, in the healthcare industry in our core program there is an extra 309 new graduate RN's projected to be trained.

Planning For the Future

The Panel's strategies for FY 2011-12 are based on its prior accomplishments, the state of the economy, ETP's priority industries, employer demand for training, economic and workforce trends and training needs, and ETP's available funding, which continues to be short of historical revenues. The Plan establishes strategic priorities and corresponding goals and objectives to address ETP's challenges and opportunities for the fiscal year. The Plan also establishes funding limitations to maximize use of its limited funds.

At its June, 2011 meeting, the Panel considered funding priorities and limitations for the fiscal year. The recommendations the Panel considered were based on projections that ETP's budget will remain principally intact, with a slight upward trend in revenues and some reduction in operating costs. The funding priorities and limitations that the Panel approved can be found in this Plan under the section titled "Maximizing Funds." ETP's actual budget for the upcoming fiscal year can be found in the last section of this Plan, titled "Program Budget."

C. Economic Overview

The fundamental goal of ETP is to support job creation and retention, through training. Strategies for achieving this goal are directly tied to the current state of the economy, California's key industries (whether established or emerging), and workforce training trends. ETP is also continuing to take strategic steps to coordinate more effectively with both the public and private sectors in the leveraging and expenditure of alternative funding which is intended broadly to develop both the economy and the workforce.

Statewide

Although many economists believe that the 2008 "great recession" ended in the latter part of 2009, the EDD Labor Market Information Division (LMID) reported that after a record high of 12.6 percent in March 2010, California's seasonally adjusted unemployment rate remained essentially unchanged during 2010, ending the year at 12.5 percent.³ As the national economic recovery slowly began to take hold, so did California's recovery. All signs, however, point to a slow recovery. California's unemployment rate has continued to exceed the national rate due to higher job losses in the construction industry and declining manufacturing and government jobs. Nevertheless, California's unemployment rate declined in 2011, to a low of 11.8 percent in June.⁴ An indication of the slowness and unevenness of the recovery, however, is that California's rate was back up to 12 percent in July.

A positive sign of recovery is that eight of California's major non-farm industry sectors have gained jobs in 2011, while only three have lost jobs. The state saw gains in professional and business services; educational and health services; leisure and hospitality; trade, transportation, and utilities; information; manufacturing; construction; and mining and logging. Government, financial services, and other services are the three industries that have lost jobs.⁵

The UCLA Anderson Forecast predicts California's economic recovery will continue to be slow and that unemployment will remain above 11 percent through the end of 2011, not falling below double digits until the second quarter of 2013. This is due to two main factors: a forecast of slow growth in national consumer spending, and the shift occurring in California's residential construction industry.⁶

Regional

While the recession has been evident throughout the state, some areas continue to be particularly hard-hit. These HUAs, by ETP regulation, are distinct regions that have

³ California Labor Market Reviews, www.labormarketinfo.edd.ca.gov accessed 8 September, 2011

⁴ Ibid

⁵ California Department of Finance "Finance Bulletin", June, 2011

⁶ UCLA Anderson Forecast: U.S. Economy Growing But "No Recovery in Sight," Press Release, June, 2011

unemployment rates that exceed the State average by at least 25 percent. These are often rural, agricultural areas in the central and northern parts of California, such as Fresno which currently has a rate of 15 percent, or Colusa County with a current rate of 18.3 percent. Imperial County, in the rural, southeastern part of the State, has the highest unemployment rate of all, at 30 percent. Some of the industries, however, that are beginning to create and save jobs during recovery (e.g., educational and health services, green energy, and transportation and warehousing) are present in HUAs.

Federal Stimulus

In an effort to stimulate the nation's economy and to create and save millions of jobs, Congress passed a federal investment package, the American Recovery and Reinvestment Act (ARRA), in early 2009. California received some \$85 billion in ARRA funding, much of which was invested in the private sector in the form of tax relief and support for a variety of industries including, but not limited to non-residential construction, manufacturing, renewable energy and other green technology, and allied healthcare.⁷

While California's recession and strategies for economic recovery, including the effective investment of the ARRA funds, do not change the list of industries that are key to stabilizing and continuing to grow the economy, they have shifted, to a degree, the focus of workforce trends and training needs. In the short term, for instance, it is reasonable to expect that employers' needs for training/retraining incumbent workers in order to retain them in jobs (save jobs) will continue to increase. It is also reasonable to expect that, as new jobs emerge (create jobs) in the recovering economy, an emphasis on re-skill and up-skill training for unemployed workers who are seeking re-employment in industries vital to California's economic recovery and growth will continue.

⁷ www.recovery.gov accessed 9 September, 2011

D. ETP's Priority Industries

ETP annually identifies priority industries that are most vital to California's economic growth, and in the current climate, economic recovery. Employers in identified priority industries receive a higher reimbursement rate for ETP-funded training, and ETP concentrates much of its outreach effort on those industries. While ETP's priority industries have not changed from what they were in the previous strategic plan, ETP's designation of them for FY 2011-12 takes into account changes in the overall economy, as well as other factors integral to California's economic recovery.

Following are the industries that ETP has identified as priority industries for FY 2011-12:

- **Green/Clean Technology** – “California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services, while also reinvigorating slowing markets through the widening application of new technologies across the entire economy.”⁸ As such, the discussion is no longer about green technology as an industry, but rather transformation of the economy as a whole, as we make more efficient and sustainable use of our resources, and identify growing opportunities for California's workforce.

While green industry focuses heavily on sustainable, clean energy generation and efficiency, the greening of the economy reaches all industry sectors and businesses throughout the state. The “Core Green Economy” now accounts for 174,000 jobs in California, and grew three times faster than total employment from January 2008 to 2009.⁹ According to Governor Brown, “the green economy is in every region...and if it continues to grow, it will continue to create new jobs”.¹⁰ Further, “clean energy jobs and businesses have grown much faster than the economy as a whole in the past fifteen years, and have continued to grow even during the economic downturn.”¹¹ Investment in clean energy and green technology, then, are central elements of rebuilding our economy. It will create hundreds of thousands of jobs, build the businesses of the 21st century, and help get California working again.¹² According to EDD, more than 500,000 Californians are currently working in the green economy, and that number is projected to grow to 1.2 million by 2020. Currently, California attracts 60 percent of the clean-tech venture capital in the U.S.¹³ Over the next decade the global clean energy market is expected to triple, reaching nearly \$2 trillion annually by 2020.¹⁴ By continuing to invest in and prepare

8 “Clean Technology and the Green Economy: Growing Products, Services, Businesses, and Jobs in California's Value Network”-2008 California Economic Strategy Panel, www.labor.ca.gov/panel/

9 http://www.next10.org/next10/publications/green_jobs/2011.html

10 F. Noel Perry, founder of Next 10, <http://www.solarfeeds.com/boots-on-the-roof/14609-californias-green>

11 Jerry Brown, http://www.jerrybrown.org/Clean_Energy, accessed 12 September, 2011

12 Ibid

13 [http://www.jerrybrown.org/Clean_Energy/Brown Announces Clean Energy Jobs Plan/June 15, 2010](http://www.jerrybrown.org/Clean_Energy/Brown%20Announces%20Clean%20Energy%20Jobs%20Plan)

14 Ibid

workers for careers in clean/green technology, California will remain at the forefront of a national transformation to a green economy.

Some of the crucial green businesses ETP has identified by North American Industry Classification codes include:

- Facilities that convert solar, wind, and tidal power into electrical energy;
 - Companies engaged in the merchant wholesale distribution of automotive scrap, industrial scrap, and other recyclable materials;
 - Environmental consultants that advise organizations on environmental issues such as the control of environmental contamination, toxic substances, and hazardous materials;
 - Remediation and clean up services that address contaminated buildings, mine sites, soil, or ground water;
 - Facilities that sort recyclable materials from nonhazardous waste or facilities where commingled recyclable materials are sorted into distinct categories; and
 - Organizations primarily engaged in promoting the preservation and protection of the environment and wildlife.
- **Manufacturing** – Manufacturing is one of the most basic industries in any economy, and growth in manufacturing produces greater growth in the other industries that all depend upon manufacturing to supply products to them. Manufacturing has the greatest multiplier effect (ability to positively impact other industries) of all industries, adding value to raw materials by creating manufactured items. When it comes to manufacturing, California continues to be one of the highest producing states, leading the nation in the export of manufactured goods.¹⁵ As of April 2010, manufacturing was also the industry with the most green jobs in California.¹⁶ In fact, between 1995 and 2008 manufacturing in the green economy grew by 19 percent.¹⁷ In 2010, nearly 21 percent of California's green employment was in manufacturing.¹⁸
- **Allied Healthcare** – Healthcare is one of the State's highest growth industries. The healthcare industry reflects the demands of a growing and aging population. Allied healthcare occupations are generally those that support doctors and nurses. Among them are home health aides, medical assistants, nursing aides, orderlies and attendants, dental assistants, and pharmacy, radiology, and medical technicians. These occupations are all experiencing shortages and are expected to have the largest growth in the industry.¹⁹ Employment in healthcare and social assistance overall is expected to increase in California by 23 percent, or more than 307,000 jobs by 2016.²⁰ The passage of healthcare reform at the federal level has offered expanded opportunities for California to carry out activities that will lead to

¹⁵ US Census Bureau, Foreign Trade Statistics, 2011

¹⁶ <http://www.labormarketinfo.edd.ca.gov/contentpub/GreenDigest/CaliforniaGreenEconomy.pdf> April 2010

¹⁷ www.energy.ca.gov/cleanenergyjobs/Select_Committee_on_Ca_Green_Economy_FinalReport_2010.pdf

¹⁸ 2010 California Green Innovation Index, Next 10 Report, http://www.next10.org/next10/pdf/GII/Next10_GII_2010.pdf

¹⁹ <http://gov38.ca.gov/press-release/11998/> accessed 9 September, 2011

²⁰ "Industry Employment Projections," LMID, www.labormarketinfo.ca.gov accessed 9 September, 2011

coherent and comprehensive health and workforce development strategies. One example is the CWIB's Health Workforce Development Council (HWDC), which is tasked broadly with expanding California's health workforce under federal healthcare reform to provide access to quality healthcare for all Californians.²¹

- **Construction** – The LMID reports construction as one of the State's high growth industries, due in part to labor needs for highway and other public works projects.²² Nonresidential and public works construction is expected to increase, given California's passage of over \$40 billion in bonds leading to new transportation funding and other major infrastructure investment. These bonds, augmented by federal stimulus funds, target projects such as building and repairing roads and bridges and sewer systems, and building and renovating schools and other public buildings. Top occupations in the industry include carpenters, construction laborers, masons, welders, dry wall and ceiling tile installers, electricians, painters, plumbers, and first-line supervisors/managers of construction trades. Job growth in construction is expected to continue, although it is expected to shift, at least in the short term, to non-residential construction.

Additional opportunities for job growth in construction will continue to be found in green jobs. Along with new construction projects, there are many buildings being weatherized and retrofitted in order to achieve the Leadership in Energy and Environmental Design certification.²³ Green construction jobs include: Photovoltaic Solar Installer, Utility Scale Wind Technician, "Green" Plumber, etc. Thus, continued training in green workforce jobs skills will be necessary to increase job opportunities in the movement toward a "greening" construction sector and economy.

- **Goods Movement and Transportation Logistics** – Forty percent of all U.S. imports arrive through California's marine ports, in addition to cargo planes loaded with materials from all over the world.²⁴ From these marine ports and airports, cargo is loaded onto trucks and trains, and shipped to communities throughout California and beyond.²⁵ California's roadways carry more commercial vehicle truck traffic than any other state.²⁶ The amount of goods transported through California is projected to nearly quadruple, from 11 million container units in 2000, to 42 million in 2020.²⁷ A healthy economy in California, as well as the rest of the nation, depends on a complex manufacturing supply chain, and an infrastructure that can support it. Manufacturing has become part of a global value chain of interdependent business functions.

Research shows that transportation logistics in California has four key sub-sectors: transportation services, logistics support, warehousing and storage, and supply

21 www.cwib.ca.gov accessed 9 September, 2011

22 "Construction Careers", EDD, LMID, January 2007.

23 "Construction Careers", EDD, LMID, January 2007 with March 2010 update.

24 Pacific Institute, Goods Movement in California. Accessed 12 September, 2011

25 Ibid.

26 Transportation Sustainability Research Center, University of California Berkeley, <http://www.tsrc.berkeley.edu/Projects/goodsmovement.html>

27 Pacific Institute, http://www.pacinst.org/topics/community_strategies/goods_move... accessed 9 September, 2011

chain management.²⁸ Transportation services involve goods movement by truck, water, air, or railroad. Logistics support includes air traffic control, navigation services for ships, freight, and packing. During the next 20 years, California's population will continue to increase as millions of new residents are added each decade. In all areas of infrastructure, including transportation, population growth will lead to new demands.²⁹ Product consumption and production will continue to increase as population grows, and improving the movement of goods in California will remain one of the state's highest priorities.

Collectively, state highways and local streets and roads support nearly 20 percent more traffic today than just 12 years ago.³⁰ Measures to improve the essential infrastructure needed to move goods from California's ports throughout California and to the rest of the country, is vital. Furthermore, infrastructure improvements are pivotal to relieving congestion on freeways and increasing mobility for everyone in California. With transportation projects continuously underway, California's goods movement and transportation logistics industry is expanding and becoming an increasingly important sector of high-wage jobs. Investment in all aspects of this industry is resulting in increased mobility and traffic congestion relief for the state's growing population, while measures addressing the serious environmental and community concerns associated with goods movement are creating more sustainable development to improve air quality, protect public health, and improve the quality of life for all Californians.

- **Information Technology Services** – All industries are undergoing an increased need to utilize information technology to ensure competitiveness in the new world economy. The McKinsey Global Institute found that there is a relationship between IT and productivity.³¹ For example, the agricultural industry is becoming “high tech” as it turns to sophisticated tools to assist in growing crops and tending livestock.

Information Technology Services is a fast growing sector in the national economy, as well. Employment in computer systems design and related services will grow by 45 percent by 2018 and add nearly one-fourth of all new jobs in professional, scientific, and technical services, according to the U.S. Bureau of Labor Statistics (BLS).³² The BLS also projects excellent employment opportunities in the industry as demand for computer-related occupations increases, due to rapid advances in computer technology, continuing development of new computer applications, and the growing significance of information security.

Automating or digitizing medical records is one of the federal government's goals. In February 2010, the State devoted nearly \$70 million in federal stimulus funding to

28 2005 California Regional Economies Project, 'Logistics and Manufacturing Value Chains: Meeting the Workforce and Infrastructure Demands of A "Real Time" Economy', July 2005 <http://www.labor.ca.gov/panel/pdf/logmanufvalue.pdf>

29 Public Policy Institute of California, "California 2025: Planning for a Better Future," <http://www.ppic.org/main/publication.asp?i=895> accessed 9 September, 2011

30 California Strategic Growth Plan, January 2008, <http://2008->

09.archives.ebudget.ca.gov/pdf/BudgetSummary/TheCaliforniaStrategicGrowthPlan.pdf

31 "U.S. Productivity Growth, 1995-2000", October 2001, www.mckinsey.com/mgi/publications/us/index.asp.

32 U.S. Department of Labor, Bureau of Labor Statistics, Occupational Outlook Handbook, 2010-11 Edition, Overview of the 2008-2018 Projections <http://www.bls.gov/oco/oco2003.htm#occupation>. Last modified date: 12/3/10

expand health information technology in California. "A robust system to exchange health information will improve patient care in several areas including more informed decisions by making certain patient medical history is available to the point of diagnosis and care; enabling early diagnosis with the potential to improve outcomes and reduce costs; and, increasing efficiencies related to administrative tasks."³³

- **Biotechnology and Life Sciences** – California remains a global leader in biotechnology and medical technology. According to a national bioscience study released by Battelle Technology Partnership Practice in 2010, California saw more bioscience research and development, initiated more clinical trials, and awarded more bioscience postsecondary degrees than any other state.³⁴ As a result, continued high job growth is projected in biotechnology and life sciences.

California's total job growth during 2004-2009 increased only three percent, while the biotech job sectors experienced nearly nine percent job growth, from 163,359 in 2004, to 177,708 in 2009. This increase resulted in 14,350 additional biotech jobs throughout California. During this five-year period, pronounced biotech job growth occurred in the following regions: San Diego and Imperial, Orange, Los Angeles, and Inland Empire.³⁵ Although California is still recovering from the economic recession, it is projected that by 2015, the industry will employ up to 250,000 workers. Further, the "job multiplier" for biotechnology is about 1.9, which means that almost two additional jobs are created elsewhere in the economy for every job created in biotech.³⁶

Biotechnology is also an example of an industry that is converging with green technology for a more sustainable future. For instance, the University of California at Berkeley, in partnership with the University of Illinois Urbana-Champaign, and Lawrence Berkeley National Laboratory, is hosting a research center dedicated to developing biofuel technologies. The Energy Biosciences Institute will conduct biological research through the center relevant to energy, including the development of renewable fuels.³⁷

- **Multimedia/Entertainment** – Multimedia/Entertainment, along with the motion picture industry, remains a staple of the State's economy, providing high-wage, high-skill employment in jobs with significant multiplier effects on the economy. However, California faces problems with runaway productions which occur when productions intended for U.S. broadcast are filmed in other countries.³⁸ In an effort to promote California as an ideal production location and to compete globally, "the California Film and Tax Credit Program" was enacted in February 2009 as part of a targeted economic stimulus package to increase production spending, jobs and tax revenues in California (ABX3 15). This program targets the types of productions most likely to leave California due to incentives offered in other states and countries." Since the program's enactment

³³ www.recovery.gov accessed 9 September, 2011

³⁴ Battelle/BIO, "State Bioscience Initiatives 2010"

³⁵ Biotechnology, Medical Devices, & Pharmaceutical Manufacturing in California," 2010, [http://www.coeccc.net/documents/biotech_custom_ca_10.pdf#search=biotechnology in California](http://www.coeccc.net/documents/biotech_custom_ca_10.pdf#search=biotechnology%20in%20California)

³⁶ "Under the Microscope, Biotechnology Jobs in California", EDD, LMID (June 2004, with December 2007 update).

³⁷ Clean Technology and the Green Economy accessed 9 September, 2011

³⁸ http://en.wikipedia.org/wiki/Runaway_production#cite_note-DGAMonitorReport-0, accessed 9 September, 2011

in 2009, through the end of fiscal year 2010-2011, projects supported through the tax credit have generated \$2.2 billion in direct spending within California, and another \$736 million in wages paid to post-production crew members.³⁹

In 2009 the Governor's office created the Digital Arts Studio Partnership (DASP) and Workforce Program⁴⁰. The DASP is a public-private partnership to enhance education and training in the areas of digital arts, media arts, and telecommunications technology fields. This effort will allow State government to analyze and better categorize funding that is currently in place, and provide an opportunity for the State and the digital media arts community to work with the private sector to expand their efforts in this area.

The DASP was needed to address industry workforce analyses indicating jobs in these fields have been moving overseas to countries that have progressive policies for career development in digital media. Consequently, our domestic workforce is under-resourced and under-prepared. There is also a lack of consistency in the design and description of digital media classes at the high school and postsecondary education levels and, like many other career technical education courses, the support and availability of digital arts, media arts, and communications technology courses are not keeping pace with industry and workforce needs.

- **Agriculture** – California is the largest agricultural producing state in the nation and the world's fifth largest supplier of food and agricultural commodities.⁴¹ California is an agricultural powerhouse, producing nearly half of the nation's food supply. California has continued to remain the No. 1 state for farm receipts which, in 2009, brought in \$34.8 billion with 81,500 farms and ranches operating in California.⁴² The agriculture industry also generates at least \$100 billion in related economic activity.⁴³ California is also the nation's leader in agricultural exports, which reached \$12.4 billion in 2009.⁴⁴ Agriculture production is a base industry in the Food Value Chain which includes processing, distribution, and support.⁴⁵ The Food Value Chain has a broader economic impact than agricultural production alone. Despite its critical importance to the State's economy, however, agricultural employment is relatively low (excluding food processing, only 2.5 percent of the employed workforce, or 390,900 workers in 2008), and much of that employment is seasonal.

39. June 6, 2011, CFC – New Release – Tax Credit Applications June 2011

<http://www.film.ca.gov/res/docs/CFC-%20News%20Release%20-%20Tax%20Credit%20Applications%20June%202011.pdf>

40 AB 2471, 2/21/2008.

41 <http://www.cdfa.ca.gov/files/pdf/card/AgResDirEntire06.pdf>, accessed 9 September, 2011

42 <http://www.cdfa.ca.gov/statistics/>, accessed 9 September, 2011

43 <http://www.cdfa.ca.gov/CDFA-History.html>, accessed 9 September, 2011

44 http://www.cdfa.ca.gov/Statistics/PDFs/AgResourceDirectory_2010-2011/7Export10_WEB.pdf

45 "California's Food Chain at Work," www.labor.ca.gov accessed 9 September, 2011

E. Workforce Trends

With unemployment at record highs in California, significant ARRA funds were dedicated to re-employment and retention of workers. Among the State trends for the retention and re-employment of California workers are incumbent worker, on-the-job (OJT), and talent transfer training. As an example, thousands of construction workers have been unemployed due to the crisis in the residential housing market. New construction jobs are more likely to be in non-residential public works (e.g., roads, bridges, school construction) than in residential construction, creating a need for up-skill or re-skill training for workers, incumbents or new hires, who become employed in these different types of construction.

In 2009, the U.S. Department of Labor (DOL) increased its efforts to encourage the state workforce and One-Stop systems to expend more funding on incumbent worker and OJT training. California was granted a federal waiver that allows Local Boards to spend their local formula funds on incumbent worker training programs whereas they were previously prohibited from using their formula funding for that purpose. California has a federal waiver, as well, that allows Local Boards to more easily fund OJT programs with employers, in addition to which DOL has granted substantial federal stimulus funding for state and Local Board OJT projects. As a result, many states have developed and implemented targeted OJT initiatives and incumbent worker initiatives.

Among those workers desiring re-employment or job retention and for whom up-skill or re-skill training may be required, are retirees or those eligible to retire. Many in the “baby boomer” generation are choosing to remain working or attempting to return to work due to current economic conditions.

Older workers who want to remain in or re-enter the workforce constitute only one among numerous special populations that represent a sizeable percentage of the current and future labor force. DOL programs, for instance, prioritize services to low income adults, needy youth, people with disabilities, authorized immigrants, and other populations that are underserved and/or have multiple barriers to employment. Employment and training services to veterans has become a particularly important focus in the last few years. The State has also identified additional populations for the targeting of workforce services such as ex-offenders, gang members, and foster youth.

While the trend of serving special populations with public workforce funding continues, it is not inconsistent with the trend towards the re-employment of skilled workers and up-skill or re-skill training for incumbent workers. In fact, the investment of state and federal funds in workforce training continue, by necessity, to become more limited and strategic – targeting priority industries, occupations, and populations.

Another trend emerging during California’s economic recovery is the employment of workers in temporary jobs. This trend is seen as an indicator of recovery as employers are beginning to hire again, though they do not have the confidence in the economy to hire into permanent positions. Many of these temporary hires are expected to transition into permanent positions as employers’ confidence in the recovery grows. Thus,

temporary employment agencies are seeing an increase in the number and diversity of their placements.

Sector strategies have also continued as a workforce training trend. The California Regional Economies Project (CREP),⁴⁶ which was administered by the Economic Strategy Panel, developed a methodology for economic development partners (e.g., Local Boards, community colleges, school districts, organized labor, economic development entities) to identify and assist industries and businesses vital to their regional economies in meeting their workforce needs and to assist communities in preparing their underserved populations for careers. After being trained in the use of the industry “Clusters of Opportunity User’s Guide,” these regional workforce partnerships form mutually beneficial alliances with identified industries that create opportunities for the populations that require training or re-training and for the industries that require skilled workers. This approach to the employment, re-employment, and retention of workers in California’s economic regions is generally known as a “sector strategy” and is being used, in one form or another, in all areas of the State.

CWIB adopted sector strategies, including the CREP’s clusters of opportunity methodology, as the basic strategy for the State and its economic regions to use in developing workforce solutions.⁴⁷ CWIB is pursuing sector strategies at the State level through its special committees and workgroups, such as the Green Collar Jobs Council, which is developing sector strategies relating to green technology, and of which ETP is a member. CWIB granted \$3 million in WIA and CEC funding to 10 regional sector collaboratives for the development of green sector initiatives, and also successfully applied for a \$6 million State energy Sector Partnership grant from DOL that is funding six regional sector teams serving as many as 1,200 individuals. Finally, LWDS, CWIB, and the Office of Statewide Health Planning and Development (OSHPD) are leading the State’s health workforce strategies under federal healthcare reform, and sector strategies will be employed in planning and carrying out those activities through the HWDC.

ETP partners with LWDA, GoED, CWIB, EDD, the CCCCCO, CEC, and others at the State and local levels in coordinating resources and services to assist industries, businesses, and citizens that will have the greatest positive impact on California’s economy. ETP continues to expand and enhance its program and services in response to the flagging economy by 1) seeking out new partners with whom to collaborate, such as CEC and Local Boards, and 2) leveraging new resources such as WIA 15 Percent Discretionary or State, AB118 funding.

⁴⁶ California Regional Economies Project, www.labor.ca.gov. accessed 9 September, 2011

⁴⁷ California Workforce Investment Board, www.cwib.ca.gov. accessed 9 September, 2011

F. Strategic Initiatives

ETP plays an important role in the larger workforce system in California by assisting businesses in providing lifelong learning opportunities to both new hires and incumbent workers. Historically funded by the employers themselves, incumbent worker training is increasingly becoming a focus for public workforce funding in the recovering economy. ETP not only targets business and industry that are vital to economic recovery and growth, but also focuses on training in HUAs and serving lower income workers, employed and unemployed with barriers to gainful, career-oriented employment. As a strong partner in California's efforts to strategically coordinate the effective investment of ARRA and other funding to revitalize the economy, ETP is continuing to expand and enhance its historical training role.

ETP is doing so by continuing the program, partnership, and administrative strategies already in place, and adding new initiatives and pilots as both California's economic recovery and ETP's role in it evolve. ETP has developed a significant partnership with the CEC and strengthened partnerships with the LWDA and Local Boards through the use of ARRA and other alternative workforce training funds. Following are current and proposed ETP strategies.

- **Alternative Funding**

In FY 2009-10, California received an investment of ARRA funds for a wide range of economic stimulus and recovery activities and programs as a result of the recession and historically high unemployment in California. Creating and saving jobs, and employing, re-employing, and retaining California workers were the most important goals of the ARRA funding. As a long term partner supporting job creation and retention through training, ETP coordinated their efforts within their core program and partnered with other State agencies in the design and delivery of services under the ARRA funding. The ARRA funded Clean Energy Workforce Training Program, for instance, is nearing completion of contract terms in December 2011. All other ARRA funded ETP training under the Non-Profit Nursing and the High Wage High Skills Training programs ended June 30, 2011.

However, alternative funding for the ETP and CEC partnership in the workforce training program in support of the ARFVTP that was created under AB118 is well underway. ETP expects to receive an additional \$4.3 million from the CEC in FY 2011-12 to fund additional training under the ARFVTP.

ETP is also continuing its partnership with LWDA and EDD in the outreach efforts within the Healthcare Initiative funded by WIA 15 Percent funds which focus's on training for incumbent nurses and allied medical professionals. To date, \$8.7million has been encumbered in FY 2010-11 Healthcare Initiative training contracts.

In the 2011-12 Budget Year, ETP may receive a \$1 million allocation in WIA 15 Percent federal funds to support Healthcare Initiative projects. Due to a reduction in the level of WIA 15 Percent funds that will be made available to all states in FY

2011-12, ETP's allocation will be significantly reduced from the last two years. Due to the limited funds in this category, any additional WIA 15 Percent funding will be used to augment current well-performing Healthcare Initiative contracts.

- **Green Technology**

Over the last few years, the green economy has been one of the few segments of California's overall economy that has shown some growth. The Administration and the Legislature continue to pursue efforts to expand the economy and protect the environment through the development of green technologies, including renewable energy generation and distribution, energy efficiency, and greenhouse gas emissions reductions. As a result, California remains at the forefront of innovative public policy (including energy performance standards, consumer incentives, public procurement mandates, and investment in research and development) that serves to protect natural resources while also stimulating new markets.⁴⁸

Numerous initiatives have continued to shape California's leadership role in the development of green technologies, such as: the Global Warming Solutions Act of 2006 to cut green house emissions; California's Renewable Portfolio Standard, created in 2002, that establishes some of the most ambitious renewable energy standards in the nation; the California Solar Initiative – with a \$3.3 billion budget, the largest solar incentive program in the country;⁴⁹ and the Green Building Initiative (through Executive Order S-20-04) that calls for public buildings to be 20 percent more energy efficient by 2015.

More recently, in April 2011, Governor Brown signed SBX1 12 – California's expanded Renewable Portfolio Standard, which requires that one-third of the state's electricity come from renewable sources by 2020. The passage of this legislation alone is expected to bring many benefits to California, including the creation of tens of thousands of new jobs.⁵⁰

Through public policy initiatives, federal stimulus funds, and private investment, California has furthered its commitment to economic growth through investment in clean energy and the development of green technologies. Since 2006, California has attracted \$11.6 billion in cleantech venture capital (VC); accounting for 24 percent of total global investment; and investment in cleantech is on the rise.⁵¹ In fact, in the first half of 2010, the State attracted 40 percent of global cleantech VC, exceeding the first half of 2009 by two-and-a-half times.⁵²

Additionally, California is the top state in patent registrations in green technology, outpacing second-ranked New York by 150 patents between 2007 and 2009.⁵³ As the State's population continues to grow; the demand for clean technologies will continue to rise, and investing in clean energy and increasing efficiency are central

48 "Clean Technology and the Green Economy," California Economic Strategy Panel. accessed 9 September, 2011

49 Ibid.

50 Press release: Governor Brown Signs Legislation to Boost Renewable Energy, 4-12-11.

51 Next 10, 2010 California Green Innovation Index.

52 Ibid

53 Ibid

elements of rebuilding our economy. California's commitment to clean technology will increase energy independence and protect public health while proving once again, that when it comes to innovation and sustainable growth, California is a national and global leader.

- **Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP)**

Since 2007, the ARFVTP continues with the goal of transforming California's fuel and vehicle types to meet the state's climate change policies. The transition from California's complex petroleum-based transportation market, to one based on a diversity of low-carbon alternative and renewable fuels and clean vehicle technologies, represents an opportunity for creating new industries and green jobs. The evolution to a low-carbon transportation economy requires a well-trained workforce to produce and distribute new alternative fuels and design, construct, install, operate, service, and maintain new fueling infrastructure and vehicles.

The ARFVTP is administered by CEC. ETP has partnered with CEC, Fuels and Transportation Division, delivering a workforce training component consistent with the goals of AB118. In June 2010 an Interagency Agreement with the CEC was approved with the goal of training individuals in new transportation technologies to help address the workforce needs of companies engaged in the development and/or deployment of alternative fuels and vehicle technologies. CEC provided \$6 million in funding to ETP to implement this program in FY 2009-10. ETP planned to encumber \$5.4 million in training contract with the remaining \$600,000 to be used to offset ETP administrative costs. ETP funded \$1.8 million in training contracts and expended over \$25,000 in ARFVTP administrative costs.

The total ARFVTP unspent funds from FY 2009-10 was \$4.2 million. ETP received budget authority to expend \$4.2 million in FY 2010-11. Thus, in FY 2010-11, the Panel approved over \$2,400,000 to provide training to 2,215 workers in five additional projects. To date, the Panel has approved over \$4,200,000 to train 2,818 workers in 10 contracts.

In March of 2011, the CEC informed ETP of an additional \$780,000 in available funding from their FY 2010-11 investment plan, as well as approximately \$3.5 million in available funds from their FY 2011-12 investment plan. This equates to approximately \$4.3 million in available ARFVTP funds for ETP in FY 2011-12 to support training for California workers in new transportation technologies and meet the workforce training needs of business engaged in the development/deployment of alternative fuels and vehicle technologies.

- **Nursing and Allied Healthcare**

ETP remains committed to healthcare through its participation in the 2009 Allied Health Initiative, led by the LWDA in partnership with the CCCCCO and the California Hospital Association. Regional industry and education leaders are working together to develop allied health partnerships that educate and train health professionals

(licensed individuals such as pharmacists, lab technicians, and imaging specialists) that comprise over 60 percent of the health occupations in California.⁵⁴

After the enactment of the federal Patient Protection and Affordable Care Act, Title V, in early 2010, the LWDA, CWIB, and California's OSHPD became lead partners implementing the workforce development aspects of healthcare reform. Operating under the CWIB's HWDC, the partners are completing comprehensive planning and engaging in activities that will result in comprehensive health and workforce development strategies at the State and local levels.

ETP will continue to identify and pursue partnership opportunities in this effort. In FY 2011 -12, ETP will continue to support the healthcare industry by targeting training funds for career advancement and job security for workers in this sector including nurses, caregivers, and allied healthcare occupations.

➤ **Healthcare Initiative 2010-11**

In FY 2011-12, ETP anticipated receiving an allocation of \$1 million in WIA 15 Percent Discretionary Funds to continue funding training under the Healthcare Initiative. ETP staff recommended utilizing the \$1 million to augment well-performing Healthcare Initiative contracts funded with FY 2010-11 monies rather than develop new contracts in the current year. However, the level of WIA 15 Percent funding for the current fiscal year is unlikely. While DOL has still not made a conclusive decision on the amount of discretionary funds available to states this current year, it seems very probable that discretionary funds to states will be at a five percent level opposed to the historic 15 percent figure. Unless there is some unexpected shift in DOL policy, beyond administrative support for EDD and the state WIB, and a small amount to support the Governor's new California Interagency Council on Veterans (CICV), no discretionary projects are likely to be funded in the current year

• **Career Technical Education (CTE)**

CTE programs are intended to prepare California workers for the 21st Century economy and maintain California's competitive edge in the global marketplace. Increased funding, bond financing, and the public profile of CTE are encouraging people who choose not to pursue a four-year college degree path to plan for careers in a trade or craft, particularly in a field with wage progression and job security. Upon receiving sufficient training, which may include certification, such workers are typically hired as frontline workers responsible for the direct manufacture or delivery of goods and services.

The fastest growing fields requiring a vocational associate's degree will require CTE training. LMID estimates that from 2008 to 2018 California will see an increase in occupations such as: Computer and Mathematical Occupations by 20%; Healthcare Practitioners and Technical Occupations by 23 percent; Healthcare Support Occupations by 25 percent, Construction and Extraction Occupations, including

⁵⁴ <http://gov38.ca.gov/press-release/11998/> accessed 9 September, 2011

carpenters and installations workers by 7 percent, and Plumbers by more than 10 percent increase⁵⁵. These and other trade and craft occupations, particularly many of the emerging green jobs, are also often served by registered apprenticeship programs.

Registered apprenticeship programs combine education and work experience that results in a nationally recognized portable credential and offer career pathways into specific fields. Pre-apprenticeship programs offer CTE in a form that provides trainees with the requisite skills and education for successful employment through a registered apprenticeship. The ARRA funding for workforce programs encouraged the leveraging of registered apprenticeship programs as a workforce development strategy and also invested in CTE through increases in education funding for reforms and programs such as Pell Grants and Work-Study.

ETP is committed to supporting the continued statewide emphasis on CTE and related programs such as pre-apprenticeships and registered apprenticeships. ETP will fund this type of training at both the entry level and journey-level to persons that choose a technical career path and may be thwarted from entering or remaining in today's increasingly technological workforce absent training in job-specific skills and specialty practices. ETP will also focus its funding of CTE and related programs in three priority industry sectors: manufacturing, allied healthcare, and construction (building trades).

In support of the State's efforts to reduce recidivism and gang violence through CTE and job training, ETP will continue, under its Special Employment Training (SET) category, to prioritize training to help ex-offenders and at-risk youth (ages 18 to 23) enter and succeed in the workforce. The program provides critical job skills training and employment to ex-offenders and youth at risk of becoming involved in gang related activities. Projects will continue to emphasize training which supports long-term job preparation and security. Pre-apprenticeship training is a priority and targets occupations included under CTE (e.g., electrician, welder, certified nurse assistant, drafter, machine operator, computer operator).

- **Support for Veterans**

ETP will continue to enhance its funding of training to help veterans pursue high-skill, high-wage jobs in secure industries by providing incentives such as increased training reimbursement rates for contractors who prioritize training for veterans. ETP will continue to partner with other State agencies to develop initiatives for the training and employment of veterans and will increase outreach to veteran organizations with the intent of developing training projects that focus on meeting veterans' training needs. In August of this year, Governor Brown issued Executive Order B-9-11 creating the CICV with the purpose of identifying and prioritizing the needs of California's veterans and coordinating activities at all levels of government in order to meet those needs.⁵⁴ The

⁵⁵ [http://www.calmis.ca.gov/file/occproj/cal\\$occproj.xls](http://www.calmis.ca.gov/file/occproj/cal$occproj.xls) or <http://www.calmis.ca.gov/htmlfile/county/califhtm.htm> accessed 9 September, 2011

CICV will consist of a wide array of veterans' organizations and stakeholders, including ETP.

ETP will continue outreach to veterans by working with local chambers, ethnic chambers, business groups, high-tech conferences, and business community workshops. ETP also serves veterans through its core program, primarily through contracts with multiple employers. The need for employment training assistance for veterans is increasing, due to the number of active and reservist personnel who have performed military service in recent years. Some veterans have returned to the California civilian workforce and found their previous jobs gone. A U.S. Department of Veterans Affairs study found that 18 percent of the veterans who sought jobs within one to three years of discharge were unemployed and one out of four who did find jobs earned less than \$21,840 a year.⁵⁶

- **Serving Small Business**

ETP will continue to prioritize its small business outreach through multiple employer contracts and its Small Business Program which provides an expedited contracting process for projects up to \$50,000 in training costs. The program reaches employees and owners of businesses with 100 or fewer employees, with training in critical job skills. ETP recognizes the importance of small business on the California economy. Approximately 60 percent of all employers that receive ETP funds each year are small businesses. This program gives small businesses a preferred reimbursement rate and a streamlined contracting process.

Small Business, the economic engine of the State, is essential to California's economy. Small employers with fewer than 100 employees represent more than 98 percent of all businesses in the State, and employ 58 percent of all California workers. ETP participates biweekly on the Governor's Small Business Advocate Intergovernmental Advisory Council. The Council joins staff and resources from various state agencies to exchange information and establish streamlined policies for small business. Since its creation three years ago, the Council has dramatically increased awareness of the needs of small business; the affects on small business of regulatory, financial, political and economic environments; and the impact of small business on jobs and the economy.

- **Enhancing the Role of Multiple Employer Contracts (MEC)**

MECs serve multiple participating employers under a single agreement and can include consortia (group of employers), training agencies, educational institutions, Local Boards, and Joint Apprenticeship Training Councils. MECs are integral to the ETP program, helping reach and better serve priority industries and populations, especially small businesses. MECs also provide an alternative contracting option for small businesses that do not have the resources to administer their own agreement with the Panel. ETP will continue working with MECs to develop projects for priority industries such as Allied Healthcare, and populations such as veterans.

⁵⁶ Study: "War Veterans Face Job Search Woes", February 8, 2008, <http://www.wtopnews.com/?sid=1341378&nid=116>.

G. Strategic Alliances

- **Job Creation and Retention**

ETP develops projects in partnership with other governmental sources of funding. ETP works with GoED on Critical Proposals with an emphasis on creating new jobs in California. ETP also supplements State funding for training under an approved apprenticeship program and adult education. As part of this priority, ETP supports job creation and retention in partnership with State and local economic and workforce development partners.

For instance, ETP participates quarterly on the Economic Development Program Advisory Council of the CCCCCO, along with representatives from community colleges and other state agencies that are charged with workforce and training development. ETP's participation provides an opportunity for information exchange, as well as forming alliances and partnerships for funding, training assistance and career path/workforce skill enhancement throughout various regions in the state. The CCCCCO and individual community colleges have received ETP funds for various training programs.

- **Revitalizing High Unemployment Areas (including rural and agricultural areas such as the Central Valley)**

ETP will continue funding training for companies in high unemployment areas of the State to stimulate these local economies. Funding will focus on workers who have full-time jobs and fairly stable employment, but earn low wages and lack the essential job skills necessary to improve their employment. The areas of highest unemployment continue to be rural regions of the State, including the valley and mountainous regions north of Sacramento and the San Joaquin Valley to the south.

Traditionally an agricultural region, the San Joaquin Valley trails the rest of the State in family income, educational achievement, healthcare access, employment, and job stability. Unemployment rates in the region have been persistently high for nearly three decades. Adding to the economic and employment hardships in recent years have been the drought conditions which hit this region particularly hard.

ETP supports economic revitalization of the San Joaquin Valley region, prioritizing training to foster new jobs and economic growth. In 2010-11 ETP approved approximately \$4 million for 33 projects to train 4,525 workers in the San Joaquin Valley. ETP waives some of its regular program criteria (lowered wages, flexible retention) for businesses in high unemployment areas (25 percent higher unemployment rate than the State average) and in its Seasonal Worker program designed to increase employment retention/productivity for workers in crop production. ETP partners with the California Partnership for the San Joaquin Valley, synchronizing

efforts to bring jobs/economic diversification to the region, and leveraging incumbent worker training to reduce turnover and improve job stability.

Additionally, much of northern California, from Colusa and Yuba counties up to the Oregon border, continues to struggle with unemployment and economic issues, especially in the rural areas which have also been hurt by the drought. ETP will refocus outreach and expand partnership development to support several more training projects from this part of California.

In January 2007, in response to the need for training workers in major seasonal industries, the Panel implemented a pilot program to fund training for workers in the agricultural crop production industry and has now integrated these pilot services into the SET program. The nature of employment in this industry relates directly to the cyclical nature of the growing season. Training is focused on increased employment retention and productivity in the Food Value Chain, including harvesting, packing, processing, and transportation.

H. Administrative Strategies

- **Workforce Solution Network (WSN) Application**

ETP is in the process of building a new system to better meet the needs of the agency and its customers by combining multiple functions of the current internet, intranet, and ETP's Management Information Systems. The new system, the WSN, will enable ETP to more efficiently provide its services. ETP anticipates working with the vendor, Geographic Solutions, to implement the new system in 2012. With implementation of the new system projected for 2012, ETP has the opportunity to review and improve the program's business requirements and service model to better meet the requirements of customers and staff. Staff is currently engaged in this effort. The new system will improve ETP's overall fiscal and accounting processes; improve data collection and reporting; provide greater flexibility within the application and contracting processes; improve ETP's online processes; and automate more of the contracting process.

- **Information Technology Modernization Mandates**

ETP will continue to plan and implement the modernization of the Panel's IT infrastructure in accordance with the State mandated consolidation effort (AB 2408). ETP has completed the migration of their network to EDD services. Areas of continued focus include hardware updates and consolidation of servers, and migration of all servers to a state Tier III Data Center. These efforts are underway and will allow ETP to meet the state mandated deadline for all consolidation efforts by 2013.

- **Maximizing Funds**

Last fall, based on the annual projection for revenue collections in the Employment Training Fund (ETF), showing a substantial reduction in revenue generated by the ETT, the Panel adopted a strategic investment plan that varied significantly from typical priorities for funding. These priorities included caps and allocations by project type such as Critical Proposals, Small Business, and MECs. Single employer funding was limited to a new Job Creation program focused on newly hired employees.

Projects were capped at \$300,000 for Critical Proposals, \$300,000 for Job Creation-Retrainee, \$50,000 for Small Business, and \$400,000 for MECs. In addition to these restrictions, the application process was limited to deadlines in defined cycles for all funding categories.

The Panel also approved the imposition of a Substantial Contribution (SC) at the highest levels permitted by ETP regulations: 30 percent for a first-time SC and 50 percent for a subsequent SC, by facility.

Revenue Projections

The Employment Development Department's September 2011 estimates of ETT collections, in conjunction with the following factors, support higher funding levels in FY 2011-12 than in recent years:

- An upward trend in ETT collections such that revenues will likely exceed the estimate on which Budget Act appropriations are based;
- A significant reduction in prior-year liabilities;
- The absence of a "project pipeline" in pent-up demand from the prior fiscal year;
- Authorization to disburse alternate-source funds for two programs.

In order to maximize funding in FY 2011-12, the following funding limitations will be imposed:

- Caps will be applied to projects as follow:
 - Single Employer - Priority Industry - \$500,000
 - Single Employer - Non-Priority Industry - \$400,000
 - Job Creation - Retrainee - \$600,000
 - Critical Proposals - \$750,000
 - Multiple Employer - \$750,000
 - Small Business - \$50,000
 - Fast Track - \$100,000
- Lowest priority is assigned to:
 - For-profit training schools (including schools where the cost of training is normally covered in full through student financial aid and ETP funding is part of a more comprehensive curriculum);
 - New-hire truck driver training (excluding training proposals with formal involvement of trucking company employers and/or unions);
 - New-hire security guard training;
 - Retraining for employees of Training Agencies; and,
 - All training in the adult entertainment industry (including the design, manufacture, distribution, servicing, management or sale of products or services in the adult entertainment and gambling industry).
- A moratorium is imposed on:
 - First-time training agencies (not including non-profit schools such as Community College Districts).
- Other limitations are imposed:
 - MECs must justify the need for and amount of support costs; and,
 - MECs requesting funds for retraining must demonstrate firm commitment to training by participating employers' equivalent to at least 80 percent of the requested amount of funding.

I. Goals and Objectives

Six key goals, with specific objectives will be addressed in FY 2011 -12:

Goal #1 Enhance the visibility of the ETP program through partnerships

Objectives:

- a) Partner with public and private, State and local economic and workforce development organizations, including TeamCalifornia and CalBIS to identify projects that demonstrate a direct economic impact to the State.*
- b) Partner with public and private stakeholders to increase outreach and raise awareness about the ETP program.*
- c) Educate legislative members and staff on the availability of training funds for their constituencies.*

Goal #2: Target California's key and emerging industries.

Objectives:

- a) Target at least 85 percent of available program funds to priority industries.*
- b) Continue outreach to employers, training agencies, research organizations, State universities, and community colleges developing and supporting green technologies and training in allied healthcare.*

Goal #3: Continue support for small businesses.

Objectives:

- a) Continue to target ETP resources to small businesses through comprehensive outreach activities.*
- b) Continue the Small Business Referral effort to explore options for leveraging ETP's capacity to develop and administer training projects with small businesses. This will include efforts to direct small businesses to a MEC in their region when there is a potential match between their training needs and an existing ETP-funded program.*

Goal #4: Support hard-to-serve populations through pilots and initiatives.

Objectives:

- a) Continue the Veterans Program.*
- b) Continue the Ex-Offenders/At-Risk Youth Program.*

- c) *Continue targeting training projects in the Central Valley region, rural Northern California, Imperial Valley, and other HUAs.*
- d) *Target funds, as available, for projects to effectively provide new and upgraded skills to dislocated workers seeking re-employment in public works, commercial construction, and related industries.*
- e) *Participate, with leveraged ETP funds, as appropriate, in grant proposals to the U.S. DOL for funding initiatives to support job creation and retention in California.*

Goal # 5: Continue efforts to enhance ETP's impact on job creation and retention.

Objectives:

- a) *Pursue efforts to promote successful job creation and new hire projects.*
- b) *Evaluate potential statutory, regulatory, and policy refinements to optimize ETP's effectiveness as a job creation and retention resource.*

Goal #6: Increase the efficiency and effectiveness of the ETP program.

Objectives:

- a) *Continue the upgrade to ETP's Management Information System to ensure comprehensive and seamless data collection and reporting, as well as other system efficiencies.*
- b) *Continue ongoing, internal evaluation and assessment of program/contracting issues.*

Program Budget

ETP is funded principally by the ETT which California companies pay to promote the development of an improved State workforce. The tax revenue is collected by the EDD Tax Collections Branch and deposited into the ETF. Estimated total funding for the ETP program in FY 2011-12 is \$46 million. The Budget Act of FY 2011-12 appropriates \$45.5 million to ETP. Considering ETF expenditures for the EDD Tax Collections Branch, the State Controller (21st Century Project—Human Resources Redevelopment), ACES (Accounting & Compliance Enterprise System), and ETP's estimated \$3 million in available program funds for reinvestment in new training projects – ETP will have approximately \$46 million available for the current fiscal year. Given ETP's prior-year obligations (\$13 million) and program administration (\$9.2 million), ETP has \$23 million available to fund new contracts in FY 2011 -12.

FY 2011 - 12 Revenue & Expenditures

The following table illustrates the projected ETF and ETP revenue and expenditures for FY 2011-12.

ETF Revenue ¹	\$46,000,000
<u>Budget Act-ETF Expenditures:</u>	
EDD Tax Collections Branch	(\$1,800,000)
State Controller	(\$1,240,000)
ACES	(\$39,000)
Remaining ETF Balance:	\$42,921,000
ETP Program Funds Reinvested (Estimated) ²	<u>\$3,000,000</u>
Total ETP Available Funds:	<u>\$45,921,000</u>
<u>ETP (Planned) Program Expenditures:</u>	
Prior Year Program Fund Obligations	(\$13,000,000)
Marketing and Research	(\$75,000)
Pro Rata	(\$523,048)
Program Administration	(\$9,200,000)
Current Year Program Funds	<u>(\$23,122,952)</u>
Total ETP Expenditures:	<u>\$45,921,000</u>

1 Revenue collection projection based on EDD's Program Estimates Group as of September 2011.

2 Program fund cash balances from closed and terminated prior year contracts which are subsequently disencumbered and reinvested for use in the current year, per Provision 1 of the State Budget Act.

In addition, it is anticipated that ETP will receive the following funding from alternate sources in FY 2011-12:

California Energy Commission - AB 118

\$4,300,000

Allocations by Category

As indicated in the funding table on the preceding page, the ETP (Planned) Program Expenditures are budgeted within the following categories:

- 1) Program Funds: ETP available program funds are used to off-set the costs of training and employment retention for incumbent workers and unemployed workers under two categories. Note that, as a result of ETP's incremental funding process, obligations in prior year contracts account for \$13 million of the \$46 million in available program funds, leaving \$23 million available for new training projects after all other planned expenditures are allocated. However, through the incremental funding process this will yield approximately \$70 million in total contract value.
 - a) Job Creation and Retention – Most projects are approved under this category, primarily to support retraining of incumbent workers. Some funds under this category are to support training for unemployed workers (i.e., “New Hires”).
 - Retraining programs train employed individuals in companies that are facing out-of-state competition and need to retrain their employees to improve the business' competitiveness.
 - New Hire training programs train unemployed individuals who are currently receiving unemployment insurance benefits or have exhausted their benefits within the last two years. Training is in job skills needed for a specific occupation or industry.
 - b) Special Employment Training (SET) – Up to 15 percent of ETP's annually available training funds are available under this category. The purpose of SET is to fund training projects to improve skills and employment security of frontline workers in projects that do not meet standard eligibility requirements, but are a priority for workforce training. SET projects target frontline workers (i.e., those workers directly producing goods or services) earning at least the State average wage. SET funding also allows training of frontline workers who earn less than the State average, if they are in high unemployment areas, have multiple barriers to employment, are small business owners, or are seasonal workers.
- 2) Marketing and Research: \$75,000 for strategic program marketing. Marketing and outreach are driven by ETP's priorities and the need to reach businesses that have the most impact on the California economy. In addition to its internal marketing efforts, ETP has enlisted partners to provide marketing outreach to

target industries. The ETP also conducts independent research to ensure program efficiencies and effectiveness.

- 3) Pro Rata: \$523,048 for the Pro Rata. This amount represents General Fund recoveries of statewide general administrative costs (i.e., indirect costs incurred by central service agencies) from special funds. The Pro Rata is a fair-share proration amount that fluctuates each year based on workload incurred by central service agencies.
- 4) Program Administration: \$9,200,000 for operational costs which includes personal services and benefits, operating expenses and equipment, and EDD program support.

The Strategic Plan was prepared by the Planning and Research Unit staff: Elizabeth Slape, Tara Armstrong, Alana Sanchez, Renee Pierce, Sandra Trujillo-Graham, John Bohart, and John Saunders.

The Strategic Plan is available on-line at the Employment Training Panel's website.

The Employment Training Panel (ETP), a recipient of state funds, is an equal opportunity employer/program and is also subject to Section 504 of the Rehabilitation Act and the Americans with Disabilities Act (ADA).

Individuals with disabilities who would like to receive the information in the publication in an alternate format may contact ETP at (916) 327-5640.

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